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**AG Warning: Beware of Bankruptcy & Mortgage Rescue Debt Scams**  
*Offers Tips on Prevention*

(SANTA FE)---New Mexico Attorney General Gary King says people facing foreclosures and seeking bankruptcy relief are being victimized by unscrupulous companies that are making their money problems worse, not better. Consumers are being contacted by companies that promise to save their houses for a fee, but do nothing to protect the homeowner. When it is too late, the company refers the homeowner into bankruptcy and may even find someone to fill out their bankruptcy petition. But, that person is usually not a lawyer and cannot represent the homeowner in the bankruptcy proceeding. A homeowner who files bankruptcy and represents himself may not fully know how to protect his home and may still lose it in the bankruptcy proceeding.

AG King says, "There are companies giving false hope to New Mexicans facing bankruptcy and the possibility of losing their homes because they can no longer make the monthly payment; on top of that, some of these firms are taking hundreds, sometimes thousands of dollars from people who are already deep in debt and the consumers are getting nothing in return except more debt."

Assistant Attorney General James Jacobsen cites a recent court case involving a woman who owed \$22,000 in credit card bills. Part of her defense was that she had paid \$5,000 to a debt solution company to help her.

"But the company apparently pocketed the money and the woman received nothing to show for it," says AAG Jacobsen. He adds, "She still owes the original debt, plus she's out another five thousand dollars."

The Attorney General's Office offers the following tips to help avoid losing money to mortgage rescue and bankruptcy scams:

1. *If you are in default on your mortgage, do not ignore the problem. Talk to your mortgage company when you first realize you might be in danger of defaulting on your monthly payment; they may be able to work with you.*
2. *Talk to a HUD approved housing counselor to understand your options and learn about foreclosure prevention.*
3. *If someone offers to make your payments for you in exchange for transferring your deed to them, do not agree and do not sign any papers to transfer your ownership.*
4. *If you decide to file bankruptcy, consult a licensed bankruptcy attorney, not someone from a company that promises to help you file the correct papers.*
5. *If you seek help from a debt or mortgage rescue company, read all forms and contracts thoroughly before signing.*
6. *Be very cautious if a company asks you for payment of fees upfront.*
7. *Remember: debt and mortgage solution company personnel typically are NOT attorneys.*

For tips on how to avoid foreclosure, please visit the following website from the U.S. Department of Housing and Urban Development (HUD).

<http://www.hud.gov/foreclosure/index.cfm>

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